

Subchapter B, White phosphorus matches, comprising sections 4801 to 4806.

Subchapter C, Adulterated butter and filled cheese, comprising sections 4811 to 4819, 4821, 4822, 4826, 4831 to 4836, 4841, 4842, and 4846.

Subchapter D, Cotton futures, comprising sections 4851 to 4854, 4861 to 4865, and 4871 to 4877.

Subchapter E, Circulation other than of national banks, comprising sections 4881 to 4886.

Subchapter F, Silver bullion, comprising sections 4891 to 4897.

Prior sections 4701 to 4897 were based on act Aug. 16, 1954, ch. 736, 68A Stat. 549–592, as amended.

Sections 4701–4776 were repealed by Pub. L. 91–513, title III, §1101(b)(3)(A), Oct. 27, 1970, 84 Stat. 1292. See section 801 et seq. of Title 21, Food and Drugs.

Sections 4801–4826, 4851–4873, and 4875–4886 were repealed by Pub. L. 94–455, title XIX, §§1904(a)(16)–(18), 1952(b), Oct. 4, 1976, 90 Stat. 1814, 1841.

Sections 4831–4834 and 4836–4846 were repealed by Pub. L. 93–490, §3(a)(1), Oct. 26, 1974, 88 Stat. 1466.

Section 4835 was repealed by Pub. L. 85–881, §1(b)(1), Sept. 2, 1958, 72 Stat. 1704.

Section 4874 was repealed by Pub. L. 91–452, title II, §231(a), Oct. 15, 1970, 84 Stat. 930.

Sections 4891–4897 were repealed by Pub. L. 88–36, title II, §201(a), June 4, 1963, 77 Stat. 54.

#### AMENDMENTS

1982—Pub. L. 97–248, title III, §310(b)(4)(A), Sept. 3, 1982, 96 Stat. 597, added chapter heading and section analysis.

### § 4701. Tax on issuer of registration-required obligation not in registered form

#### (a) Imposition of tax

In the case of any person who issues a registration-required obligation which is not in registered form, there is hereby imposed on such person on the issuance of such obligation a tax in an amount equal to the product of—

(1) 1 percent of the principal amount of such obligation, multiplied by

(2) the number of calendar years (or portions thereof) during the period beginning on the date of issuance of such obligation and ending on the date of maturity.

#### (b) Definitions

For purposes of this section—

##### (1) Registration-required obligation

The term “registration-required obligation” has the same meaning as when used in section 163(f), except that such term shall not include any obligation required to be registered under section 149(a).

##### (2) Registered form

The term “registered form” has the same meaning as when used in section 163(f).

(Added Pub. L. 97–248, title III, §310(b)(4)(A), Sept. 3, 1982, 96 Stat. 598; amended Pub. L. 99–514, title XIII, §1301(j)(5), Oct. 22, 1986, 100 Stat. 2657.)

#### AMENDMENTS

1986—Subsec. (b)(1). Pub. L. 99–514 substituted “section 149(a)” for “section 103(j)”.

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99–514 applicable to bonds issued after Aug. 15, 1986, except as otherwise provided, see sections 1311 to 1318 of Pub. L. 99–514, set out as an Effective Date; Transitional Rules note under section 141 of this title.

#### EFFECTIVE DATE

Section applicable to obligations issued after Dec. 31, 1982, with an exception for certain warrants, see section 310(d)(1), (3) of Pub. L. 97–248, set out as an Effective Date of 1982 Amendment note under section 103 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 165, 1287 of this title.

### CHAPTER 40—GENERAL PROVISIONS RELATING TO OCCUPATIONAL TAXES

Sec.	
4901.	Payment of tax.
4902.	Liability of partners.
4903.	Liability in case of business in more than one location.
4904.	Liability in case of different businesses of same ownership and location.
4905.	Liability in case of death or change of location.
4906.	Application of State laws.
4907.	Federal agencies or instrumentalities.

#### CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in section 4463 of this title.

### § 4901. Payment of tax

#### (a) Condition precedent to carrying on certain business

No person shall be engaged in or carry on any trade or business subject to the tax imposed by section 4411 (wagering) until he has paid the special tax therefor.

#### (b) Computation

All special taxes shall be imposed as of on the first day of July in each year, or on commencing any trade or business on which such tax is imposed. In the former case the tax shall be reckoned for 1 year, and in the latter case it shall be reckoned proportionately, from the first day of the month in which the liability to a special tax commenced, to and including the 30th day of June following.

(Aug. 16, 1954, ch. 736, 68A Stat. 593; Pub. L. 89–44, title IV, §405(b), June 21, 1965, 79 Stat. 149; Pub. L. 91–513, title III, §1102(a), Oct. 27, 1970, 84 Stat. 1292; Pub. L. 94–455, title XIX, §1904(a)(19), Oct. 4, 1976, 90 Stat. 1814; Pub. L. 95–600, title V, §521(c)(2), Nov. 6, 1978, 92 Stat. 2884.)

#### AMENDMENTS

1978—Subsec. (a). Pub. L. 95–600 struck out “or 4461(a)(1) (coin-operated gaming devices)” after “(wagering)”.

1976—Subsec. (c). Pub. L. 94–455 struck out subsec. (c) which provided that all special taxes should be paid by stamp and made reference to subtitle F for authority of the Secretary to make assessments where special taxes have not been duly paid by stamp.

1970—Subsec. (a). Pub. L. 91–513 struck out references to tax imposed by sections 4721 (narcotic drugs) and 4751 (marihuana).

1965—Subsec. (a). Pub. L. 89–44 substituted “4461(a)(1)” for “4461(2)”.

#### EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95–600 applicable with respect to years beginning after June 30, 1980, see section 521(d)(2) of Pub. L. 95–600, set out as a note under section 4402 of this title.

## EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-455 effective on first day of first month which begins more than 90 days after Oct. 4, 1976, see section 1904(d) of Pub. L. 94-455, set out as a note under section 4041 of this title.

## EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-513 effective on first day of seventh calendar month that begins after Oct. 26, 1970, see section 1105(a) of Pub. L. 91-513, set out as an Effective Date note under section 951 of Title 21, Food and Drugs.

## EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by Pub. L. 89-44 applicable on and after July 1, 1965, see section 701(c)(2) of Pub. L. 89-44, set out in part as a note under section 4402 of this title.

## SAVINGS PROVISION

Prosecution for any violation of law occurring, and civil seizures or forfeitures and injunctive proceedings commenced, prior to the effective date of amendment of this section by section 1102 of Pub. L. 91-513 not to be affected or abated by reason thereof, see section 1103 of Pub. L. 91-513, set out as a note under section 171 of Title 21, Food and Drugs.

## PERSONS ENGAGED IN ACTIVITIES ON DECEMBER 1, 1974, REQUIRING PAYMENT OF WAGERING TAX

Person on Dec. 1, 1974, engaging in an activity making him liable for payment of tax imposed by section 4411 of this title (as in effect on such date) to be treated as commencing such activity on such date for purposes of this section and section 4411 of this title, see section 3(d)(2) of Pub. L. 93-499, set out as a note under section 4411 of this title.

## CROSS REFERENCES

Wagering, occupational tax, section as applicable to, see section 4413 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4413 of this title.

**§ 4902. Liability of partners**

Any number of persons doing business in co-partnership at any one place shall be required to pay but one special tax.

(Aug. 16, 1954, ch. 736, 68A Stat. 593.)

## CROSS REFERENCES

Wagering, occupational tax, section as applicable to, see section 4413 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4413 of this title.

**§ 4903. Liability in case of business in more than one location**

The payment of the special tax imposed, other than the tax imposed by section 4411, shall not exempt from an additional special tax the person carrying on a trade or business in any other place than that stated in the register kept in the office of the official in charge of the internal revenue district; but nothing herein contained shall require a special tax for the storage of goods, wares, or merchandise in other places than the place of business, nor, except as provided in this subtitle, for the sale by manufacturers or producers of their own goods, wares, and merchandise, at the place of production or manufacture, and at their principal office or

place of business, provided no goods, wares, or merchandise shall be kept except as samples at said office or place of business.

(Aug. 16, 1954, ch. 736, 68A Stat. 593.)

## CROSS REFERENCES

List of special taxpayers for public inspection, see section 6107 of this title.

Registration of persons paying special tax, see section 7011 of this title.

Wagering, occupational tax, section as inapplicable to, see section 4413 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4413 of this title.

**§ 4904. Liability in case of different businesses of same ownership and location**

Whenever more than one of the pursuits or occupations described in this subtitle are carried on in the same place by the same person at the same time, except as otherwise provided in this subtitle, the tax shall be paid for each according to the rates severally prescribed.

(Aug. 16, 1954, ch. 736, 68A Stat. 594.)

## CROSS REFERENCES

Wagering, occupational tax, section as applicable to, see section 4413 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4413 of this title.

**§ 4905. Liability in case of death or change of location****(a) Requirements**

When any person who has paid the special tax for any trade or business dies, his spouse or child, or executors or administrators or other legal representatives, may occupy the house or premises, and in like manner carry on, for the residue of the term for which the tax is paid, the same trade or business as the deceased before carried on, in the same house and upon the same premises, without the payment of any additional tax. When any person removes from the house or premises for which any trade or business was taxed to any other place, he may carry on the trade or business specified in the register kept in the office of the official in charge of the internal revenue district at the place to which he removes, without the payment of any additional tax: *Provided*, That all cases of death, change, or removal, as aforesaid, with the name of the successor to any person deceased, or of the person making such change or removal, shall be registered with the Secretary, under regulations to be prescribed by the Secretary.

**(b) Registration**

**For registration in case of wagering, see section 4412.**

(Aug. 16, 1954, ch. 736, 68A Stat. 594; Pub. L. 89-44, title IV, § 405(c), June 21, 1965, 79 Stat. 149; Pub. L. 91-513, title III, § 1102(b), Oct. 27, 1970, 84 Stat. 1292; Pub. L. 94-455, title XIX, §§ 1904(a)(20), (b)(8)(A), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1814, 1816, 1834.)

## AMENDMENTS

1976—Subsec. (a). Pub. L. 94-455, §§ 1904(a)(20), 1906(b)(13)(A), substituted “spouse or child” for “wife or

child" and struck out "or his delegate" after "Secretary" wherever appearing.

Subsec. (b). Pub. L. 94-455, §1904(b)(8)(A), among other changes, struck out reference to section 4804(d) for registration in case of white phosphorous matches and references to subtitle F for other provisions relating to registration.

1970—Subsec. (b)(1). Pub. L. 91-513 struck out references to narcotics and marihuana and to sections 4722 and 4753.

1965—Subsec. (b)(1). Pub. L. 89-44 struck out "playing cards," after "wagering," and "4455," after "4412,".

#### EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-513 effective on first day of seventh calendar month that begins after Oct. 26, 1970, see section 1105(a) of Pub. L. 91-513, set out as an Effective Date note under section 951 of Title 21, Food and Drugs.

#### EFFECTIVE DATE OF 1965 AMENDMENT

Section 701(c)(2) of Pub. L. 89-44 provided in part that: "The amendments made by section 402 [repealing sections 4451 to 4457 of this title] (relating to playing cards) and by subsections (c) of section 405 [amending this section] shall apply on and after the day after the date of the enactment of this Act [June 21, 1965]."

#### SAVINGS PROVISION

Prosecutions for any violation of law occurring, and civil seizures or forfeitures and injunctive proceedings commenced, prior to the effective date of amendment of this section by section 1102 of Pub. L. 91-513 not to be affected or abated by reason thereof, see section 1103 of Pub. L. 91-513, set out as a note under section 171 of Title 21, Food and Drugs.

#### CROSS REFERENCES

List of special taxpayers for public inspection, see section 6107 of this title.

Registration of persons paying special tax, see section 7011 of this title.

Wagering occupational tax, section as applicable to, see section 4413 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 4413, 7011 of this title.

### § 4906. Application of State laws

The payment of any special tax imposed by this subtitle for carrying on any trade or business shall not be held to exempt any person from any penalty or punishment provided by the laws of any State for carrying on the same within such State, or in any manner to authorize the commencement or continuance of such trade or business contrary to the laws of such State or in places prohibited by municipal law; nor shall the payment of any such tax be held to prohibit any State from placing a duty or tax on the same trade or business, for State or other purposes.

(Aug. 16, 1954, ch. 736, 68A Stat. 594.)

#### CROSS REFERENCES

Wagering, occupational tax, section as applicable to, see section 4413 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4413 of this title.

### § 4907. Federal agencies or instrumentalities

Any special tax imposed by this subtitle, except the tax imposed by section 4411, shall apply

to any agency or instrumentality of the United States unless such agency or instrumentality is granted by statute a specific exemption from such tax.

(Aug. 16, 1954, ch. 736, 68A Stat. 594.)

#### CROSS REFERENCES

Wagering, occupational tax, section as inapplicable to, see section 4413 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4413 of this title.

## CHAPTER 41—PUBLIC CHARITIES

- |       |  |
|-------|--|
| Sec.  |  |
| 4911. | Tax on excess expenditures to influence legislation.                 |
| 4912. | Tax on disqualifying lobbying expenditures of certain organizations. |

#### AMENDMENTS

1987—Pub. L. 100-203, title X, §10714(d), Dec. 22, 1987, 101 Stat. 1330-471, added item 4912.

#### PRIOR PROVISIONS

The provisions of a prior chapter 41, Interest Equalization Tax, were set out as follows:

Subchapter A, Acquisitions of foreign stock and debt obligations, comprising sections 4911 to 4920.

Subchapter B, Acquisition by commercial banks, comprising section 4931.

Prior sections 4911 to 4922 and 4931 were repealed by Pub. L. 94-455, §1904(a)(21)(A), Oct. 4, 1976, 90 Stat. 1814, effective with respect to acquisitions of stock and debt obligations made after June 30, 1974. See section 1904(a)(21)(B), set out as an Effective Date of Repeal of Prior Provisions note below.

The subject matter of the prior provisions is as follows:

Section 4911, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 809; amended Pub. L. 89-243, §2, 3(a)(1), (b), Oct. 9, 1965, 79 Stat. 954; Pub. L. 90-59, §2, 3(a), July 31, 1967, 81 Stat. 145; Pub. L. 91-50, Aug. 2, 1969, 83 Stat. 86; Pub. L. 91-65, §2, Aug. 25, 1969, 83 Stat. 105; Pub. L. 91-128, §2, 3, Nov. 26, 1969, 83 Stat. 261, 262; Pub. L. 92-9, §2, Apr. 1, 1971, 85 Stat. 13; Pub. L. 93-17, §2, Apr. 10, 1973, 87 Stat. 12, imposed a tax on each acquisition by a United States person of stock of a foreign issuer or a debt obligation of a foreign obligor, if such obligation had a period remaining to maturity of 1 year or more and provided for modification of tax rate by executive order, rate tables, rates during interim period, rules and regulations, persons liable for tax, and termination date, that no tax shall be imposed on any acquisition made after June 30, 1974.

Section 4912, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 810; amended Pub. L. 89-243, §4(m)(3), Oct. 9, 1965, 79 Stat. 963; Pub. L. 90-59, §5(a)(1), July 31, 1967, 81 Stat. 157; Pub. L. 91-128, §4(a)(1), Nov. 26, 1969, 83 Stat. 263; Pub. L. 92-9, §3(a)(1), Apr. 1, 1971, 85 Stat. 14; Pub. L. 93-17, §3(e), Apr. 10, 1973, 87 Stat. 17, defined term "acquisition" and provided special rules to be applied to certain transfers to foreign trusts, foreign corporations and partnerships, foreign branches, acquisitions from domestic corporations or partnerships formed or availed of to obtain funds for foreign issuer or obligor, and reorganization exchanges.

Section 4913, added Pub. L. 88-563, §2(a), Sept. 12, 1964, 78 Stat. 812, imposed general and special limitations on tax on certain acquisitions relating to stock or debt obligations acquired by surrender, extensions, renewals, and exercises, transfers which are deemed acquisitions and acquisitions by certain domestic corporations and partnerships.

Section 4914, added Pub. L. 88-563, §2(a), Sept. 2, 1964, 78 Stat. 813; amended Pub. L. 89-44, title IV, §405(d), June 21, 1965, 79 Stat. 149; Pub. L. 89-243, §§3(a)(2), (3),

4(a)(1)–(3), (b)–(f)(2), (g), (h)(1), Oct. 9, 1965, 79 Stat. 954, 956–960; Pub. L. 89–809, title II, §§213(a), (b)(1), 214(a), Nov. 13, 1966, 80 Stat. 1585; Pub. L. 90–59, §5(b)(1), (c)(1), (2), (d)(1), (e)(1), (f)(1), July 31, 1967, 81 Stat. 157, 158; Pub. L. 91–128, §4(b)(1), (c)(1), (2), (i)(1), (2), Nov. 26, 1969, 83 Stat. 263, 264, 268; Pub. L. 92–9, §3(b)(1), (2), (c)(1), (d)(1), (2), Apr. 1, 1971, 85 Stat. 15–17; Pub. L. 93–17, §3(f), Apr. 10, 1973, 87 Stat. 17, provided exclusions for certain acquisitions including: transactions not considered acquisitions; export credit, etc., transactions; loans to assure raw materials sources; acquisitions by insurance companies doing business in foreign countries; acquisitions by certain tax-exempt organizations such as labor, fraternal, and similar organizations having foreign branches or chapters; sale or liquidation of foreign subsidiary or sale of foreign branch; certain debt obligations secured by United States mortgages, etc.; acquisitions of stock of foreign issuers investing exclusively in the United States, and loss of entitlement to exclusion in case of certain subsequent transfers or acquisitions of stock or debt obligations in connection with nationalization, expropriation, etc.

Section 4915, added Pub. L. 88–563, §2(a), Sept. 2, 1964, 78 Stat. 824; amended Pub. L. 90–59, §5(h)(3), July 31, 1967, 81 Stat. 163; Pub. L. 91–128, §4(e)(3), Nov. 26, 1969, 83 Stat. 267; Pub. L. 92–9, §3(e)(1), Apr. 1, 1971, 85 Stat. 17; Pub. L. 93–17, §3(g)(1), Apr. 10, 1973, 87 Stat. 18, related to exclusions for direct investments and provided for excluded acquisitions, overpayment with respect to certain taxable acquisitions, special rule for government-controlled enterprises, exception for foreign corporations or partnerships formed or availed of for tax avoidance, exception for acquisitions made with intent to sell to United States persons, and special rule for investments in certain lending and financial corporations.

Section 4916, added Pub. L. 88–563, §2(a), Sept. 2, 1964, 78 Stat. 827; amended Pub. L. 89–243, §4(i), Oct. 9, 1965, 79 Stat. 960; Pub. L. 90–59, §5(g)(1), July 31, 1967, 81 Stat. 159; Pub. L. 92–9, §3(b)(3), Apr. 1, 1971, 85 Stat. 16; Pub. L. 93–17, §3(b), Apr. 10, 1973, 87 Stat. 13, related to exclusion for investment in less developed countries, provided special rules applicable to such investments, subsequent tax liability in certain cases, the repeal of exclusion for issues after Jan. 29, 1973, in the case of less developed country shipping companies, and defined term “less developed country”.

Section 4917, added Pub. L. 88–563, §2(a), Sept. 2, 1964, 78 Stat. 830; amended Pub. L. 89–243, §4(j), (k), Oct. 9, 1965, 79 Stat. 960; Pub. L. 90–59, §5(h)(1), July 31, 1967, 81 Stat. 159, related to exclusion for original or new issues where required for international monetary stability.

Section 4918, added Pub. L. 88–563, §2(a), Sept. 2, 1964, 78 Stat. 831; amended Pub. L. 89–809, title II, §213(b)(2), Nov. 13, 1966, 80 Stat. 1585; Pub. L. 90–59, §4(a), July 31, 1967, 81 Stat. 148; Pub. L. 90–73, §2(a)–(c), Aug. 29, 1967, 81 Stat. 175, 176; Pub. L. 93–17, §3(h)(1), Apr. 10, 1973, 87 Stat. 18, related to exemption for prior American ownership and compliance, proof of such ownership or compliance, issuance of IET clean confirmation by participating firm, sales effected by participating firms in connection with exempt acquisitions, filing of transition inventory, transfer of custody certificate, certain debt obligations arising out of loans to assure raw material sources, regulations, and definitions of “participating firm,” and “participating custodian”.

Section 4919, added Pub. L. 88–563, §2(a), Sept. 2, 1964, 78 Stat. 833; amended Pub. L. 89–243, §4(l), Oct. 9, 1965, 79 Stat. 961; Pub. L. 90–59, §5(i)(1), (2), July 31, 1967, 81 Stat. 159, 160; Pub. L. 91–128, §4(d)(1), Nov. 26, 1969, 83 Stat. 264; Pub. L. 92–9, §3(f)(1), (2), Apr. 1, 1971, 85 Stat. 20; Pub. L. 93–17, §3(i)(1), Apr. 10, 1973, 87 Stat. 19, related to credit or refund on sales by underwriters and dealers to foreign persons, evidence needed to support such credit or refund, and defined terms “underwriter”, “dealer”, and “persons other than United States persons”.

Section 4920, added Pub. L. 88–563, §2(a), Sept. 2, 1964, 78 Stat. 835; amended Pub. L. 89–243, §§3(a)(4), 4(m)(1), (2)(A), (n), Oct. 9, 1965, 79 Stat. 954, 961–963; Pub. L.

90–59, §§4(f), 5(j)–(k)(2), July 31, 1967, 81 Stat. 156, 160–163; Pub. L. 91–128, §4(e)(1), (2), (i)(3), Nov. 26, 1969, 83 Stat. 264, 269; Pub. L. 92–9, §3(e)(2), (3), (g)(1), (h)(1), Apr. 1, 1971, 85 Stat. 18, 20, 21; Pub. L. 93–17, §3(g)(2)(j), Apr. 10, 1973, 87 Stat. 18, 19, related to definitions and special rules.

Section 4921, added Pub. L. 92–9, §3(i)(1), Apr. 1, 1971, 85 Stat. 21, related to standby authority of the President to impose tax on debt obligations of foreign obligors having a period remaining to maturity of less than 1 year and provided that such authority may be extended by Executive order.

Section 4922, added Pub. L. 93–17, §3(d)(1), Apr. 10, 1973, 87 Stat. 15, related to exclusion for certain issues to finance new or additional direct investment in the United States, qualification for exclusion, and loss of entitlement to exclusion by subsequent noncompliance.

Section 4931, added Pub. L. 88–563, §2(a), Sept. 2, 1964, 78 Stat. 839; amended Pub. L. 89–243, §§3(e)(1), 4(a)(4), (o), Oct. 9, 1965, 79 Stat. 955, 956, 964; Pub. L. 89–809, title II, §215(a), Nov. 13, 1966, 80 Stat. 1587, Pub. L. 90–59, §3(b)(1), July 31, 1967, 81 Stat. 145, related to the standby authority of the President to impose, by Executive order, tax on acquisitions by commercial banks of debt obligations of foreign obligors, made provision for exclusions concerning export loans, foreign currency loans by foreign branches, preexisting commitments, and provided for prescription of regulations by the Secretary.

#### EFFECTIVE DATE OF REPEAL OF PRIOR PROVISIONS

Section 1904(a)(21)(B) of Pub. L. 94–455 provided that: “The repeal made by subparagraph (A) [repealing sections 4911 through 4922 and section 4931 of this title] shall apply with respect to acquisitions of stock and debt obligations made after June 30, 1974.”

#### CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in sections 275, 6104, 6161, 6211, 6213, 6214, 6405, 6501, 6512, 6862, 6871, 7422, 7871 of this title.

### § 4911. Tax on excess expenditures to influence legislation

#### (a) Tax imposed

##### (1) In general

There is hereby imposed on the excess lobbying expenditures of any organization to which this section applies a tax equal to 25 percent of the amount of the excess lobbying expenditures for the taxable year.

##### (2) Organizations to which this section applies

This section applies to any organization with respect to which an election under section 501(h) (relating to lobbying expenditures by public charities) is in effect for the taxable year.

#### (b) Excess lobbying expenditures

For purposes of this section, the term “excess lobbying expenditures” means, for a taxable year, the greater of—

(1) the amount by which the lobbying expenditures made by the organization during the taxable year exceed the lobbying nontaxable amount for such organization for such taxable year, or

(2) the amount by which the gross roots expenditures made by the organization during the taxable year exceed the gross roots nontaxable amount for such organization for such taxable year.

#### (c) Definitions

For purposes of this section—

**(1) Lobbying expenditures**

The term “lobbying expenditures” means expenditures for the purpose of influencing legislation (as defined in subsection (d)).

**(2) Lobbying nontaxable amount**

The lobbying nontaxable amount for any organization for any taxable year is the lesser of (A) \$1,000,000 or (B) the amount determined under the following table:

<b>If the exempt purpose expenditures are—</b>	<b>The lobbying nontaxable amount is—</b>
Not over \$500,000 .....	20 percent of the exempt purpose expenditures.
Over \$500,000 but not over \$1,000,000.	\$100,000, plus 15 percent of the excess of the exempt purpose expenditures over \$500,000.
Over \$1,000,000 but not over \$1,500,000.	\$175,000 plus 10 percent of the excess of the exempt purpose expenditures over \$1,000,000.
Over \$1,500,000 .....	\$225,000 plus 5 percent of the excess of the exempt purpose expenditures over \$1,500,000.

**(3) Grass roots expenditures**

The term “grass roots expenditures” means expenditures for the purpose of influencing legislation (as defined in subsection (d) without regard to paragraph (1)(B) thereof).

**(4) Grass roots nontaxable amount**

The grass roots nontaxable amount for any organization for any taxable year is 25 percent of the lobbying nontaxable amount (determined under paragraph (2)) for such organization for such taxable year.

**(d) Influencing legislation****(1) General rule**

Except as otherwise provided in paragraph (2), for purposes of this section, the term “influencing legislation” means—

(A) any attempt to influence any legislation through an attempt to affect the opinions of the general public or any segment thereof, and

(B) any attempt to influence any legislation through communication with any member or employee of a legislative body, or with any government official or employee who may participate in the formulation of the legislation.

**(2) Exceptions**

For purposes of this section, the term “influencing legislation”, with respect to an organization, does not include—

(A) making available the results of non-partisan analysis, study, or research;

(B) providing of technical advice or assistance (where such advice would otherwise constitute the influencing of legislation) to a governmental body or to a committee or other subdivision thereof in response to a written request by such body or subdivision, as the case may be;

(C) appearances before, or communications to, any legislative body with respect to a possible decision of such body which might affect the existence of the organization, its

powers and duties, tax-exempt status, or the deduction of contributions to the organization;

(D) communications between the organization and its bona fide members with respect to legislation or proposed legislation of direct interest to the organization and such members, other than communications described in paragraph (3); and

(E) any communication with a governmental official or employee, other than—

(i) a communication with a member or employee of a legislative body (where such communication would otherwise constitute the influencing of legislation), or

(ii) a communication the principal purpose of which is to influence legislation.

**(3) Communications with members**

(A) A communication between an organization and any bona fide member of such organization to directly encourage such member to communicate as provided in paragraph (1)(B) shall be treated as a communication described in paragraph (1)(B).

(B) A communication between an organization and any bona fide member of such organization to directly encourage such member to urge persons other than members to communicate as provided in either subparagraph (A) or subparagraph (B) of paragraph (1) shall be treated as a communication described in paragraph (1)(A).

**(e) Other definitions and special rules**

For purposes of this section—

**(1) Exempt purpose expenditures****(A) In general**

The term “exempt purpose expenditures” means, with respect to any organization for any taxable year, the total of the amounts paid or incurred by such organization to accomplish purposes described in section 170(c)(2)(B) (relating to religious, charitable, educational, etc., purposes).

**(B) Certain amounts included**

The term “exempt purpose expenditures” includes—

(i) administrative expenses paid or incurred for purposes described in section 170(c)(2)(B), and

(ii) amounts paid or incurred for the purpose of influencing legislation (whether or not for purposes described in section 170(c)(2)(B)).

**(C) Certain amounts excluded**

The term “exempt purpose expenditures” does not include amounts paid or incurred to or for—

(i) a separate fundraising unit of such organization, or

(ii) one or more other organizations, if such amounts are paid or incurred primarily for fundraising.

**(2) Legislation**

The term “legislation” includes action with respect to Acts, bills, resolutions, or similar items by the Congress, any State legislature, any local council, or similar governing body,